Planning for Every Possibility

Alternatives to traditional long-term care protection

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A worry-free retirement

Enjoy yourself knowing you're protected

In retirement, your assets generate your income. And to have the kind of retirement you've always wanted — spending time with your family, traveling and more — you have to ensure that your retirement income is protected.

To enjoy retirement without having to make any drastic lifestyle changes, without having to rely on help from your friends or family, and without having to accept substandard levels of care as you age, your retirement income strategy has to account for three important factors:

- How long you will live
- How your investments will perform over time
- How much you will spend each year in retirement

Wade Pfau, Ph.D., CFA, and Michael Finke, Ph.D., CFP®, of The American College of Financial Services have shown how these risks can be effectively managed. In recent studies, Dr. Pfau and Dr. Finke illustrated how an integrated approach to your retirement income strategy can optimize retirement income, and how long-term care benefits can protect you from extreme health care expenses in your later years.

70%

of all individuals ages 65 and older will require some type of long-term care services[1]

76/81

Average lifespan in the U.S. today for males/females[2]

91/92

Life expectancy of an 85-year-old male/female[3]

1. "How Much Care Will You Need?" LongTermCare.gov. https://longtermcare.acl.gov/the-basics/how-much-care-will-you-need.html. Web. 21 February 2017. **2.** "Mortality in the United States, 2015." NCHS Data Brief No. 267. December 2016.
3. "85 Year Old Life Expectancy." HealthGrove.com. http://life-span.healthgrove.com/l/86/85. Web.

Protect yourself and your family from the unknown costs of health care

The unknown cost of health care is among the most significant risks to any retirement plan. Unlike most spending in retirement, health care spending increases with age on average and is far more volatile. And 70% of people turning 65 today will eventually need some form of long-term care in their lifetimes.[4]

With traditional health-based long-term care insurance, you pay insurance premiums to help protect yourself in the event that you require long-term care. As history shows[5], the premiums will likely increase over time, and if you never need it, this form of long-term care insurance offers no benefit.

A different generation of protection, such as life insurance or annuities combined with long-term care, creates a hybrid or asset-based product consideration. This approach protects against long-term care expenditures while also providing a guaranteed death benefit, which guards against the possibility of lost premiums.

Long-term care includes a range of services and support for people coping with physical and cognitive decline or who need assistance with daily living, from in-home care to nursing home and hospice care.

4. "How Much Care Will You Need?" LongTermCare.gov. https://longtermcare.acl.gov/the-basics/how-much-care-will-you-need.html. Web. 21 February 2017. **5.** Pfau, Wade D., PhD, CFA, and Michael Finke, Ph.D., CFP. "Managing long-term care spending risks in retirement." Based on median distribution of Monte Carlo simulations to reflect typical outcomes. All financial assets earmarked for long-term care are invested as 100% treasury bills.

Funding long-term care at 65

A 65 year-old couple is starting their retirement and considering their options for long-term care protection. They decide to focus on a severe event because it will have the largest effect on their retirement income.

Their choices include:

- Self-funding from investments
- Traditional health-based long-term care insurance
- Asset-based long-term care benefits combined with whole life insurance

Severe long-term care event averages[6]

Last 15 years of life	
14	**Home Health Aide** • $45,760 annually • 4-year duration • $183,040 total
13	
12	
11	**Assisted Living** • $43,200 annually • 8-year duration • $345,600 total
Last 10 years of life	
9	
8	
7	
6	
Last 5 years of life	
4	
3	**Nursing Home Care** • $80,300 annually • 3-year duration • $240,900 total
2	
1	

6. Pfau, Wade D., PhD, CFA, and Michael Finke, Ph.D., CFP. "Managing long-term care spending risks in retirement." Based on median distribution of Monte Carlo simulations to reflect typical outcomes. All financial assets earmarked for long-term care are invested as 100% treasury bills.

Potential long-term care event outcomes

With no protection they will:
- Have the highest risk for out-of-pocket costs associated with a mild or severe LTC event
- Receive no death benefit

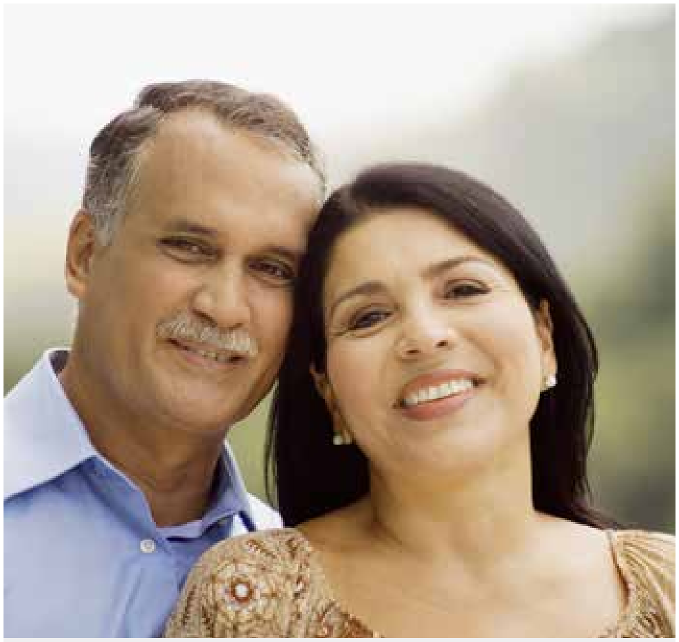
Self-funding LTC from investments
Severe LTC expenses
$765,979
Out-of-pocket cost
$765,979
Potential death benefit
$0

With health-based protection they will:
- Have premiums that may increase over time
- Need to purchase two policies to ensure they are both covered
- Receive no death benefit

Health-based LTC insurance
Severe LTC expenses
$765,979
Out-of-pocket cost (includes premiums)
$256,765
Potential death benefit
$0

With asset-based protection they will:
- Face the lowest risk for out-of-pocket costs associated with a mild or severe LTC event
- Have premiums guaranteed never to increase
- Have the option to cover both spouses with one policy
- Receive a death benefit
  Note: Potential death benefit reduced if long-term care benefits are received.

Asset-based LTC insurance
Severe LTC expenses
$765,979
Out-of-pocket cost (includes premiums)
$237,566
Potential death benefit
$125,000



Funding long-term care at 50

A 50-year-old couple is beginning to think about retirement. They are exploring ways to optimize their retirement income.

They are considering how long-term care will affect their retirement. They decide to focus on a severe event because it will have the largest effect on their retirement income.

Their choices include:

- Self-funding from investments
- Traditional health-based long-term care insurance
- Asset-based long-term care benefits combined with whole life insurance

Severe long-term care event averages[7]

Last 15 years of life	
14	**Home Health Aide** • $45,760 annually • 4-year duration • $183,040 total
13	
12	
11	
Last 10 years of life	
9	
8	**Assisted Living** • $43,200 annually • 8-year duration • $345,600 total
7	
6	
Last 5 years of life	
4	
3	
2	**Nursing Home Care** • $80,300 annually • 3-year duration • $240,900 total
1	

7. Pfau, Wade D., PhD, CFA, and Michael Finke, Ph.D., CFP. "Managing long-term care spending risks in retirement." Based on median distribution of Monte Carlo simulations to reflect typical outcomes. All financial assets earmarked for long-term care are invested as 100% treasury bills.

Potential long-term care event outcomes

With no protection they will:
- Have the highest risk for out-of-pocket costs associated with a mild or severe LTC event
- Receive no death benefit

Self-funding LTC from investments
Severe LTC expenses
$724,139
Out-of-pocket cost
$724,139
Potential death benefit
$0

With health-based protection they will:
- Have premiums that may increase over time
- Need to purchase two policies to ensure they are both covered
- Receive no death benefit

Health-based LTC insurance
Severe LTC expenses
$724,139
Out-of-pocket cost (includes premiums)
$250,697
Potential death benefit
$0

With asset-based protection they will:
- Face the lowest risk for out-of-pocket costs associated with a mild or severe LTC event
- Have premiums guaranteed never to increase
- Have the option to cover both spouses with one policy
- Receive a death benefit

  Note: Potential death benefit reduced if long-term care benefits are received.

Asset-based LTC insurance
Severe LTC expenses
$724,139
Out-of-pocket cost (includes premiums)
$205,143
Potential death benefit
$125,000

Note: Products issued and underwritten by The State Life Insurance Company® (State Life), Indianapolis, IN, a OneAmerica company that offers the Care Solutions product suite. Asset-Care Form numbers: L301, R501 and SA31. In ID: L301 (ID), SA31 and R501. Not available in all states or may vary by state. All guarantees are subject to the claims-paying ability of State Life. **This is a solicitation of insurance. An insurance agent or insurance company will contact you.** The policy and long-term care insurance riders have exclusions and limitations.

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